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Message Text

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43
ORIGIN NEA-10

INFO OCT-01 AF-08 ISO-00 L-03 TRSE-00 H-02 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 JUSE-00

IGA-02 /068 R

DRAFTED BY NEA/RA:ROPRICKETT:DTMORRISON:JR
APPROVED BY NEA:MSTERNER
L/NEA:DSMALL
H:PSTAHNKE
EB:AWATSON (INFO)
NEA/ARN:DREUTHER
NEA/RA:JRCHEEK
TREAS:RMUNK (INFO)
TREAS:AWILENSKY (INFO)
AF:ESEGALL
---------- 070414
P 171550Z SEP 76
FM SECSTATE WASHDC
TO AMEMBASSY ABU DHABI PRIORITY
AMEMBASSY CAIRO PRIORITY
AMEMBASSY DAMASCUS PRIORITY
AMEMBASSY JIDDA PRIORITY
AMEMBASSY KUWAIT PRIORITY
AMEMBASSY MANAMA PRIORITY
AMEMBASSY ALGIERS
AMEMBASSY AMMAN
AMEMBASSY DOHA
AMEMBASSY MUSCAT
AMEMBASSY SANA
AMEMBASSY TRIPOLI
AMEMBASSY NOUAKCHOTT
AMEMBASSY KHARTOUM
AMEMBASSY RABAT
AMEMBASSY TUNIS

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DAMASCUS POUCH BEIRUT, KUWAIT POUCH BAGHDAD

E.O. 11652: N/A

TAGS: PFOR, ETRD

SUBJECT: ANTI-BOYCOTT PROVISIONS OF TAX REFORM BILL

REF: STATE 216549

1. CONGRESS PASSED ON SEPTEMBER 16
TAX REFORM BILL CONTAINING ANTI-BOYCOTT
PROVISIONS WHICH WOULD DENY FAVORABLE TAX TREATMENT OF
FOREIGN INCOME, I.E., FOREIGN TAX CREDITS, DEFERRAL OF
FOREIGN INCOME FOR TAX PURPOSES, AND DISC BENEFITS, WITH
RESPECT TO INCOME DERIVED FROM ANY TRANSACTIONS IN WHICH
U.S. FIRM HAS PARTICIPATED IN OR COOPERATED WITH BOYCOTT
ACTIVITY.

2. PARTICIPATION/COOPERATION IS DEFINED AS AGREEING AS
CONDITION OF SALE OR DOING BUSINESS WITH A COUNTRY OR ITS
NATIONALS:

A) TO REFRAIN FROM DOING BUSINESS IN OR WITH A SPECIFIED
(THIRD) COUNTRY OR ITS NATIONALS.

B) TO REFRAIN FROM DOING BUSINESS WITH A UNITED STATES
PERSON ENGAGED IN TRADE WITH SPECIFIED (THIRD) COUNTRY
OR ITS NATIONALS;

C) TO REFRAIN FROM HIRING EMPLOYEES OR DIRECTORS BECAUSE
OF THEIR NATIONALITY, RELIGION, OR RACE;

D) TO REFRAIN FROM DOING BUSINESS WITH ANY COMPANY WHOSE
MANAGERS OR DIRECTORS ARE OF A SPECIFIED NATIONALITY,
RELIGION, OR RACE; OR

E) TO REFRAIN FROM SHIPPING OR INSURING WITH A FIRM WHICH
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DOES NOT PARTICIPATE IN OR COOPERATE WITH AN INTERNATIONAL
BOYCOTT.

3. THE SECRETARY OF THE TREASURY IS REQUIRED TO MAINTAIN
AND PUBLISH QUARTERLY A LIST OF COUNTRIES REQUIRING
PARTICIPATION IN OR COOPERATION WITH AN INTERNATIONAL
BOYCOTT. TAX PAYERS WITH OPERATIONS IN OR RELATED TO ANY
SUCH COUNTRY ARE REQUIRED TO REPORT TO THE SECRETARY OF

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THE TREASURY:

A) THEIR OPERATIONS RELATED TO SUCH COUNTRY;

B) WHETHER THEY HAVE PARTICIPATED IN OR COOPERATED WITH SUCH BOYCOTT OR HAVE BEEN REQUESTED TO DO SO; AND

C) THE NATURE OF ANY OPERATIONS IN CONNECTION WITH WHICH THEY PARTICIPATED OR COOPERATED WITH A BOYCOTT OR WERE REQUESTED TO DO SO.

4. IF A TAX PAYER PARTICIPATES IN OR COOPERATES WITH AN INTERNATIONAL BOYCOTT, ALL OF ITS OPERATIONS IN COUNTRIES REQUIRING SUCH PARTICIPATION/COOPERATION ARE DEEMED BOYCOTT RELATED EXCEPT RPT EXCEPT TO THE EXTENT THAT TAX PAYER CAN DEMONSTRATE THAT PARTICULAR OPERATIONS ARE CLEARLY SEPARATE AND IDENTIFIABLE AND NOT BOYCOTT-RELATED.

5. BILL AS REPORTED OUT IS NOT AS SEVERE IN ITS IMPACT AS SOME PROVISIONS WHICH HAD PREVIOUSLY BEEN PROPOSED; E.G., (A) IT IS NOT DIRECTED AT PRIMARY BOYCOTTS OF TRADE IN GOODS WITH BOYCOTTED COUNTRIES, AND (B) DENIAL OF TAX BENEFITS IS LIMITED TO INCOME RELATED TO ACTIVITY IN COOPERATION WITH BOYCOTT WHERE TAX PAYERS CAN SHOW THAT SUCH ACTIVITY IS CLEARLY SEPARATE FROM OTHER BOYCOTT-RELATED OPERATIONS.

6. IN VIEW OF UNCERTAINTIES INVOLVED IN INTERPRETING ANTI-BOYCOTT PROVISIONS OF TAX REFORM BILL, POSTS SHOULD AVOID SPECULATION AS TO THE MEANING OR POTENTIAL IMPACT ON ECONOMIC RELATIONS. ;OWEVER, THERE IS NO OBJECTION TO SHARING FACTUAL INFORMATION PARAS 1-4 WITH U.S. COMPANY REPS SHOULD THEY INQUIRE. ANY SPECIFIC INQUIRIES WITH LIMITED OFFICIAL USE

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RESPECT TO INTERPRETATION SHOULD BE REFERRED TO DEPARTMENT

7. DEPARTMENT RECOGNIZES THAT SOME ADDRESSEE COUNTRIES ARE NOT ACTIVELY INVOLVED IN BOYCOTT, BUT WE BELIEVE THIS INFORMATION MAY BE USEFUL TO THESE POSTS FOR BACKGROUND AND FOR ANSWERING ANY INQUIRIES FROM BUSINESSMEN. ROBINSON

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ORIGIN EUR-03

INFO OCT-01 ISO-00 NEA-01 /005 R

66011
DRAFTED BY:EUR/CAN:DBLAKEMORE:CLJ
APPROVED BY:EUR/CAN:JHROUSE,JR
NEA/RA:DTMORRISON
---------- 047605
R 290600Z SEP 76
FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA

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FOLLOWING REPEAT STATE 230667 ACTION ABU DHABI CAIRO DAMASCUS JIDDA
KUWAIT MANAMA ALGIERS AMMAN DOHA MUSCAT SANA TRIPOLI
NOUAKCHOTT KHARTOUM RABAT TUNIS SEP 17.

QUOTE: LIMITED OFFICIAL USE STATE 230667

DAMASCUS POUCH BEIRUT, KUWAIT POUCH BAGHDAD

E.O. 11652: N/A

TAGS: PFOR, ETRD

SUBJECT: ANTI-BOYCOTT PROVISIONS OF TAX REFORM BILL

REF: STATE 216549

1. CONGRESS PASSED ON SEPTEMBER 16
TAX REFORM BILL CONTAINING ANTI-BOYCOTT
PROVISIONS WHICH WOULD DENY FAVORABLE TAX TREATMENT OF
FOREIGN INCOME, I.E., FOREIGN TAX CREDITS, DEFERRAL OF
FOREIGN INCOME FOR TAX PURPOSES, AND DISC BENEFITS, WITH
RESPECT TO INCOME DERIVED FROM ANY TRANSACTIONS IN WHICH
U.S. FIRM HAS PARTICIPATED IN OR COOPERATED WITH BOYCOTT
ACTIVITY.
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2. PARTICIPATION/COOPERATION IS DEFINED AS AGREEING AS
CONDITION OF SALE OR DOING BUSINESS WITH A COUNTRY OR ITS

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NATIONALS:

A) TO REFRAIN FROM DOING BUSINESS IN OR WITH A SPECIFIED (THIRD) COUNTRY OR ITS NATIONALS.

B) TO REFRAIN FROM DOING BUSINESS WITH A UNITED STATES PERSON ENGAGED IN TRADE WITH SPECIFIED (THIRD) COUNTRY OR ITS NATIONALS;

C) TO REFRAIN FROM HIRING EMPLOYEES OR DIRECTORS BECAUSE OF THEIR NATIONALITY, RELIGION, OR RACE;

D) TO REFRAIN FROM DOING BUSINESS WITH ANY COMPANY WHOSE MANAGERS OR DIRECTORS ARE OF A SPECIFIED NATIONALITY, RELIGION, OR RACE; OR

E) TO REFRAIN FROM SHIPPING OR INSURING WITH A FIRM WHICH DOES NOT PARTICIPATE IN OR COOPERATE WITH AN INTERNATIONAL BOYCOTT.

3. THE SECRETARY OF THE TREASURY IS REQUIRED TO MAINTAIN AND PUBLISH QUARTERLY A LIST OF COUNTRIES REQUIRING PARTICIPATION IN OR COOPERATION WITH AN INTERNATIONAL BOYCOTT. TAX PAYERS WITH OPERATIONS IN OR RELATED TO ANY SUCH COUNTRY ARE REQUIRED TO REPORT TO THE SECRETARY OF THE TREASURY:

A) THEIR OPERATIONS RELATED TO SUCH COUNTRY;

B) WHETHER THEY HAVE PARTICIPATED IN OR COOPERATED WITH SUCH BOYCOTT OR HAVE BEEN REQUESTED TO DO SO; AND

C) THE NATURE OF ANY OPERATIONS IN CONNECTION WITH WHICH THEY PARTICIPATED OR COOPERATED WITH A BOYCOTT OR WERE REQUESTED TO DO SO.

4. IF A TAX PAYER PARTICIPATES IN OR COOPERATES WITH AN INTERNATIONAL BOYCOTT, ALL OF ITS OPERATIONS IN COUNTRIES LIMITED OFFICIAL USE

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REQUIRING SUCH PARTICIPATION/COOPERATION ARE DEEMED BOYCOTT RELATED EXCEPT RPT EXCEPT TO THE EXTENT THAT TAX PAYER CAN DEMONSTRATE THAT PARTICULAR OPERATIONS ARE CLEARLY SEPARATE AND IDENTIFIABLE AND NOT BOYCOTT-RELATED.

5. BILL AS REPORTED OUT IS NOT AS SEVERE IN ITS IMPACT AS SOME PROVISIONS WHICH HAD PREVIOUSLY BEEN PROPOSED; E.G., (A) IT IS NOT DIRECTED AT PRIMARY BOYCOTTS OF TRADE IN GOODS WITH BOYCOTTED COUNTRIES, AND (B) DENIAL OF TAX BENEFITS IS LIMITED TO

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INCOME RELATED TO ACTIVITY IN COOPERATION WITH BOYCOTT
WHERE TAX PAYERS CAN SHOW THAT SUCH ACTIVITY IS CLEARLY
SEPARATE FROM OTHER BOYCOTT-RELATED OPERATIONS.

6. IN VIEW OF UNCERTAINTIES INVOLVED IN INTERPRETING
ANTI-BOYCOTT PROVISIONS OF TAX REFORM BILL, POSTS SHOULD
AVOID SPECULATION AS TO THE MEANING OR POTENTIAL IMPACT
ON ECONOMIC RELATIONS. ;OWEVER, THERE IS NO OBJECTION TO
SHARING FACTUAL INFORMATION PARAS 1-4 WITH U.S. COMPANY
REPS SHOULD THEY INQUIRE. ANY SPECIFIC INQUIRIES WITH
RESPECT TO INTERPRETATION SHOULD BE REFERRED TO DEPARTMENT

7. DEPARTMENT RECOGNIZES THAT SOME ADDRESSEE COUNTRIES
ARE NOT ACTIVELY INVOLVED IN BOYCOTT, BUT WE BELIEVE THIS
INFORMATION MAY BE USEFUL TO THESE POSTS FOR BACKGROUND
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UNQUOTE ROBINSON

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60
ORIGIN NEA-04

INFO OCT-01 ISO-00 /005 R

66011
DRAFTED BY: NEA/IAI:XGVUNOVIC:LLC
APPROVED BYNEA/IAI:WBSMITH
NEA/RA:RPRICKETT
---------- 009716
P 012005Z OCT 76
FM SECSTATE WASHDC
TO AMEMBASSY TEL AVIV PRIORITY
INFO AMCONSUL JERUSALEM PRIORITY PRIORITY

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FOLLOWING REPEAT STATE 230667 ACTION ABU DHABI, CAIRO, DAMASCUS,
JIDDA, KUWAIT, MANAMA, ALGIERS, AMMAN, DOHA, MUSCAT, SANA,
TRIPOLI, NOUAKCHOTT, KHARTOUM, RABAT, TUNIS DTD 17 SEP 76.

QTE: LIMITED OFFICIAL USE STATE 230667

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DAMASCUS POUCH BEIRUT, KUWAIT POUCH BAGHDAD
E.O. 11652: N/A
TAGS: PFOR, ETRD

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UNQTE: KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, TRADE DISCRIMINATION, BOYCOTTS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ellisoob
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE230667
Document Source: CORE
Document Unique ID: 00
Drafter: ROPRICKETT:DTMORRISON:JR
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760352-0587
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
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Line Count: 423
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Page Count: 8
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 216549
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 14 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 APR 2004 by greeneet>; APPROVED <10 AUG 2004 by ellisoob>
Review Markings:

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EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ANTI-BOYCOTT PROVISIONS OF TAX REFORM BILL
TAGS: PFOR, ETRD
To: ABU DHABI CAIRO DAMASCUS MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006